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Prepared for the Foreign and Commonwealth Office by Reference Services, Central Office of Information and published by Her Majesty's Stationery Office, London

Annual subscriptions including postage and index £22

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CORRECTION

Vol 15, No 8, August 1985

Page 253, Column 1

Last sentence of third paragraph under 'Changes in Immigration Rules' should read:

The tests will also apply to fiancées who will in future require an entry clearance.

GOVERNMENT AND ADMINISTRATION

Ministerial Changes

A number of ministerial changes were announced at the beginning of September.

The new appointments to the Cabinet are as follows:

Secretary of State for Trade and Industry
Rt Hon Leon Brittan, QC, MP (former Home Secretary)

Secretary of State for the Home Department
Rt Hon Douglas Hurd, CBE, MP (former Secretary of State for Northern Ireland)

Chancellor of the Duchy of Lancaster
Rt Hon Norman Tebbit, MP (former Secretary of State for Trade and Industry)

Secretary of State for Northern Ireland
Rt Hon Tom King, MP (former Secretary of State for Employment)

Secretary of State for Employment
Rt Hon The Lord Young of Graffham (former Minister without Portfolio)

Secretary of State for the Environment
Rt Hon Kenneth Baker, MP (former Minister of State, Department of the Environment)

Paymaster General
Rt Hon Kenneth Clarke, QC, MP (former Minister of State, Department of Health and Social Security)

Chief Secretary to the Treasury
Rt Hon John MacGregor, OBE, MP (former Minister of State, Ministry of Agriculture, Fisheries and Food)

Other appointments are:

Ministry of Agriculture, Fisheries and Food
Minister of State
Rt Hon John Gummer, MP (former Paymaster General)

Ministry of Defence
Minister of State for Defence
The Lord Trefgarne (former Parliamentary Under-Secretary of State for the Armed Forces)

Minister of State (Minister for Defence Procurement)
Mr Norman Lamont, MP (former Minister of State for Industry, Department of Trade and Industry)

Department of Education and Science
Minister of State
Mr Christopher Patten, MP (former Parliamentary Under-Secretary of State, Northern Ireland Office)

Department of Employment
Parliamentary Under-Secretary of State
Mr David Trippier, MP (former Parliamentary Under-Secretary of State, Department of Trade and Industry)

Department of the Environment
Minister of State (Minister for Environment, Countryside and Local Government)
Hon William Waldegrave, MP (former Parliamentary Under-Secretary of State, Department of the Environment)

Minister of State (Minister for Housing, Urban Affairs and Construction)
Mr John Patten, MP (former Parliamentary Under Secretary of State, Department of Health and Social Security)

Parliamentary Under-Secretary of State
Mrs Angela Rumbold, CBE, MP

Parliamentary Under-Secretary of State (Minister for Sport)
Mr Richard Tracey, MP

Foreign and Commonwealth Office
Minister of State
Mr Timothy Renton MP (former Parliamentary Under-Secretary of State, Foreign and Commonwealth Office)

Parliamentary Under-Secretary of State
Mr Timothy Eggar, MP

Department of Health and Social Security
Minister of State (Minister for Health)
Rt Hon Barney Hayhoe, MP (former Minister of State, HM Treasury)

Parliamentary Under-Secretary of State
Mr John Major, MP (former Lord Commissioner of the Treasury – a Government Whip)

Northern Ireland Office
Parliamentary Under-Secretary of State
Mr Richard Needham, MP

Privy Council Office
Minister of State (Minister for the Arts)
Mr Richard Luce, MP (former Minister of State, Foreign and Commonwealth Office)

Department of Trade and Industry
Minister of State
Hon Peter Morrison, MP (former Minister of State, Department of Employment)

Parliamentary Under-Secretary of State
Mr Michael Howard, QC, MP

Department of Transport
Parliamentary Under-Secretary of State
The Earl of Caithness (former Lord in Waiting – a Government Whip in the House of Lords)

HM Treasury
Minister of State
Mr Ian Gow, TD, MP (former Minister of State, Department of the Environment)

Welsh Office
Parliamentary Under-Secretary of State
Mr Mark Robinson, MP

Resignations
The following ministers have tendered their resignations:

Rt Hon Patrick Jenkin, MP
(Secretary of State for the Environment)

Rt Hon Peter Rees, QC, MP
(Chief Secretary to the Treasury)

Rt Hon The Earl of Gowrie
(Chancellor of the Duchy of Lancaster and Minister for the Arts)

Rt Hon Adam Butler, MP
(Minister of State for Defence Procurement, Ministry of Defence)

Mr John Stradling Thomas, MP
(Minister of State, Welsh Office)

Mr Neil Macfarlane, MP
(Parliamentary Under-Secretary of State, Department of the Environment)

Mr Alexander Fletcher, MP
(Parliamentary Under-Secretary of State, Department of Trade and Industry)

Departmental Responsibilities
As Paymaster General, Mr Clarke is attached to the Department of Employment, which has been enlarged to take on additional tasks to help with the growth of employment, and answers in the House of Commons on employment matters. The Secretary of State for Employment, Lord Young, has taken over from the Department of Trade and Industry responsibility for the work of the Small Firms Division, and has taken from the Cabinet Office the Enterprise Unit and Deregulation Task Force (see pp 272-3). He has also been given ministerial responsibility for sponsoring tourism (formerly with the Department of Trade and Industry) as well as responsibility for co-ordinating the work of the City Action Teams (see pp 83–4) in certain urban areas.

Mr Richard Luce, as well as being Minister for the Arts, will have day-to-day responsibility for the functions of the Management and Personnel Office in relation to the Civil Service.

Mr Norman Tebbit and Lord Young will not draw any ministerial salary.

Mr John MacGregor and Mr John Gummer have been appointed to the Privy Council.

Mr Stradling Thomas is to receive a knighthood.

The Cabinet
Following the new appointments, the composition of the Cabinet is as follows:

Prime Minister, First Lord of the Treasury and Minister for the Civil Service
Rt Hon Margaret Thatcher, FRS, MP

Lord President of the Council and Leader of the House of Lords
Rt Hon The Viscount Whitelaw, CH, MC

Lord Chancellor
Rt Hon The Lord Hailsham of Saint Marylebone, CH, FRS, DCL

Secretary of State for Foreign and Commonwealth Affairs and Minister of Overseas Development
Rt Hon Sir Geoffrey Howe, QC, MP

Secretary of State for Trade and Industry
Rt Hon Leon Brittan, QC, MP

Chancellor of the Exchequer
Rt Hon Nigel Lawson, MP

Secretary of State for the Home Department
Rt Hon Douglas Hurd, CBE, MP

Secretary of State for Education and Science
Rt Hon Sir Keith Joseph, Bt, MP

Secretary of State for Energy
Rt Hon Peter Walker, MBE, MP

Secretary of State for Defence
Rt Hon Michael Heseltine, MP

Secretary of State for Scotland
Rt Hon George Younger, TD, MP

Secretary of State for Wales
Rt Hon Nicholas Edwards, MP

Lord Privy Seal and Leader of the House of Commons
Rt Hon John Biffen, MP

Secretary of State for Social Services
Rt Hon Norman Fowler, MP

Chancellor of the Duchy of Lancaster
Rt Hon Norman Tebbit, MP

Secretary of State for Northern Ireland
Rt Hon Tom King, MP

Minister of Agriculture, Fisheries and Food
Rt Hon Michael Jopling, MP

Secretary of State for Transport
Rt Hon Nicholas Ridley, MP

Secretary of State for Employment
Rt Hon The Lord Young of Graffham

Secretary of State for the Environment
Rt Hon Kenneth Baker, MP

Paymaster General
Rt Hon Kenneth Clarke, QC, MP

Chief Secretary to the Treasury
Rt Hon John MacGregor, OBE, MP

The BBC: Coverage of Terrorism

In late July the Board of Governors of the BBC decided to postpone the transmission of a television programme on Northern Ireland, which included an interview with a leading member of Provisional Sinn Fein. Earlier in the month the Home Secretary had written to the Chairman of the Board saying that the screening of the programme would be contrary to the national interest and would give succour to terrorists. Following wide public discussion of the issue and industrial action by television and radio journalists, the Home Secretary issued a statement reaffirming the view that while the Government had expressed grave concern about the possible effects of the programme, the Governors had, and would continue to have, complete editorial independence on what was transmitted by the BBC.

The Home Secretary, then Mr Leon Brittan, wrote to the Chairman of the BBC, Mr Stuart Young, on 29 July requesting the Corporation not to permit the transmission of a documentary programme about Northern Ireland entitled 'Real Lives: At the Edge of the Union' which included interviews with Mr Martin McGuinness, a leading member of Provisional Sinn Fein, and with Mr Gregory Campbell, a prominent member of the Ulster Democratic Unionist Party. Following the Home Secretary's letter, the BBC Board of Governors took the exceptional step of viewing the programme before transmission, after which they considered it would be unwise for the programme to be screened in its present form. This decision caused disquiet both among opposition politicians and journalists at the BBC and the Independent Broadcasting Authority (IBA) and led to a 24-hour strike by journalists at both organisations (including those at the BBC External Services) who considered that the Board of Governors' decision was made as a direct result of government pressure and threatened the independence and integrity of the BBC. In September it was announced that the programme, with additions, would be transmitted on BBC television on 16 October.

Background

The constitution and finances of the BBC are governed by Royal Charter and by Licence and Agreement. The BBC Board consists of 12 Governors (each appointed by the Queen on the advice of the Government) and is responsible for all aspects of BBC broadcasting. The Governors appoint a Director-General who is the Corporation's chief executive officer and who heads the BBC's board of management, in charge of the day-to-day operation of the Corporation. While the Governors have the right to view programmes before transmission, by custom, they do so only in the most exceptional circumstances.

Under the Licence and Agreement, the Government has the power to direct the BBC not to transmit a programme, but this power has never been exercised in peacetime in relation to any programme.

Home Secretary's Letter

In his letter of 29 July, Mr Brittan stated that 'the decision to broadcast or refrain from broadcasting [the] programme must rest exclusively with the Corporation' and that it was no part of his task as minister responsible for broadcasting policy generally to attempt to impose an act of censorship on what should be broadcast in particular programmes. To do so would rightly be inconsistent with the constitutional independence of the BBC. However, Mr Brittan said that he would be failing in his duty as minister responsible for the fight against the threat of terrorism not to offer his considered view that the proposed programme would enable the advocacy or justification of the use of violence for political ends, and thus the murder and maiming of innocent people, to be made, before a huge public audience.

Pointing out that terrorism thrived on the 'oxygen of publicity', Mr Brittan said that 'that publicity derives either from the successful carrying out of terrorist acts or, as a second best, from the intimidation of the innocent public and the bolstering of faltering supporters by the well publicised espousal of violence as a justifiable means of securing political ends'. What was at issue was not the overall balance of the programme, or whether its impact on reasonable people was to make such people more hostile to terrorism than they were already. Even if the programme and any surrounding material presented terrorist organisations in a wholly unfavourable light, he would still have asked the Corporation not to permit it to be broadcast. For the gain that the terrorists would secure by the broadcast would not be the conversion of large numbers of people to their cause, but the opportunity to boost the morale of their supporters and to alarm the innocent majority who had every reason to fear their intentions.

The Home Secretary concluded that 'it must be damaging to security and therefore wholly contrary to the public interest to provide a boost to the morale of the terrorists and their apologists in this way', and he said that he could not believe that the BBC 'would wish to give succour to terrorist organisations'.

BBC Chairman's Statement

In a statement made on 7 August, Mr Young said that there had been a failure to observe the guidelines operating within the Corporation for coverage of matters concerning Northern Ireland and terrorist organisations. He said that after viewing the programme, the Governors were unanimous in expressing their concern that it could not be transmitted without emendation. All were concerned about the programme's lack of balance, and the majority were equally concerned, in the present climate of high feeling, about its soft treatment of the extremist case. They therefore exercised their constitutional right in taking the editorial decision not to transmit the programme. This decision was taken because the Board considered the programme to be flawed in its present state and, even if amended, unsuitable for viewing in the prevailing atmosphere.

Home Secretary's Statement

After a meeting with the Governors and management the Home Secretary made a further statement on 8 August in which he referred to the recent misrepresentation of the Government's actions and said that he wished to clarify once again that the BBC always had been independent, always would be independent and would decide what it wanted to put on the air. There was no question of the Government trying to draw up a code, to reaffirm an old code or to redraw a new

code. The BBC must in each case decide what weight to give to the representations made to it about the content of proposed programmes so long as it was clearly understood that governments as well as individuals and organisations had a right to express their views and ask them to be taken into consideration. Each programme obviously had to be considered on its own, but a platform should not be provided for the advocacy of murder and maiming. That was no more legitimate when put forward for political reasons than when put forward for purely private reasons. The Government had put that view to the BBC and it was for the BBC to decide whether that view was acceptable.

Non-Proliferation of Nuclear Weapons

Britain's commitment to the provisions of the 1968 Non-Proliferation Treaty designed to control the spread of nuclear weapons was re-emphasised at its Third Review Conference, the proceedings of which started at the end of August.

Non-Proliferation Treaty

The Non-Proliferation Treaty, which came into force in 1970, is designed to prevent the spread of nuclear weapons and contains a balance of obligations. Nuclear weapon states undertake not to transfer nuclear explosive devices to non-nuclear weapon states, which in turn undertake not to receive or develop them. The Treaty includes the provision that non-nuclear weapon states will accept safeguards on their peaceful nuclear activities in the form of arrangements negotiated with and supervised by the International Atomic Energy Agency (IAEA), aimed at ensuring that fissile material is not diverted to the development of nuclear weapons. The Treaty also provides for the promotion of the peaceful uses of nuclear energy to the maximum extent consistent with its main terms and for the nuclear weapon states to assist the peaceful nuclear programmes of non-nuclear weapon states, especially those of the developing countries. The nuclear weapon states also undertake to negotiate on nuclear disarmament and on general and complete disarmament. To date there are 130 parties to the Treaty.

At the last review conference in 1980 (see pp 266-8, 1980), although no final document was adopted, none of the participants indicated any intention of renouncing its treaty obligations and there was a general desire among the parties to work towards a more predictable framework for the conduct of nuclear trade through the IAEA's Committee on Assurances of Supply (see below). For its part, Britain reaffirmed its commitment to the Treaty and to its objectives of promoting progress in arms control and ensuring the development of civil nuclear industries while avoiding the uncontrolled spread of nuclear weapon technology. The first review conference of the Treaty took place in 1975.

Since 1970 a number of steps have been taken to strengthen the non-proliferation regime. Because of the concern about the spread of nuclear weapons, Britain and other countries with nuclear manufacturing industries formed the Nuclear Suppliers' Group in 1975 with the aim of harmonising their export policies so that these would not contribute to the proliferation of nuclear weapons; in 1978 the Group published guidelines which represented the minimum safeguards operated by its members in the sale of nuclear material. In 1976, as a result of a British initiative, the IAEA adopted a model agreement to enable nations not party to the Treaty to accept full safeguards on their nuclear energy industries, the aim being to allow them to show their pacific intentions and so contribute to an atmosphere more conducive to the transfer of nuclear technology for peaceful purposes. Another step aimed at strengthening the non-proliferation regime occurred following a study published in 1980 which concluded that there was no technical way of producing nuclear energy without at the same time producing fissile material capable of being used in nuclear weapon programmes. The IAEA established a Committee on Assurances of Supply to look at ways and means in which supplies of nuclear material, equipment and technology, and fuel cycle services could be assured on a more predictable and long-term basis in accordance with mutually acceptable considerations of non-proliferation.

Britain's Views

Speaking at the Conference in Geneva on 29 August, Mr Richard Luce, then Minister of State at the Foreign and Commonwealth Office, said that, since the Treaty had come into force in 1970, only India – not a party to the Treaty – had been able to detonate a nuclear explosive device, and that there had been a steady increase in the number of parties, which stood at 130 countries, or four-fifths of the membership of the United Nations. Moreover, the Treaty's continuing vitality had been demonstrated by the accession of 17 new parties since the last review conference in 1980. It was the most widely supported arms control agreement in existence and, by successfully curbing further nuclear proliferation, was playing a crucial role in the security of all its signatories and the world as a whole. Although two nuclear weapon states (France and the People's Republic of China) had not yet adhered, France had stated that it would act as if it were a party and China had declared that it did not advocate or encourage proliferation and had recently decided to take up membership of the IAEA. Stressing that the Treaty would be even more effective if membership were universal, Mr Luce said that Britain was particularly concerned about such countries as Argentina, Israel, India, Pakistan and South Africa which were situated in areas of regional tension, had important nuclear facilities, and refused to join the Treaty or to open their nuclear facilities to IAEA inspection. It was vital to persuade these and other countries to accede to the Treaty or at the very least to submit all their nuclear facilities to safeguards.

Safeguards and Guidelines

Britain regarded the Treaty as having three objectives – to prevent the further spread of nuclear weapons, to promote effective measures in the direction of nuclear disarmament and to ensure that these did not interfere with the inalienable right of the parties to use nuclear energy for peaceful purposes (see p 228). The first objective, which remained the Treaty's greatest achievement, involved both a binding international legal obligation upon the nuclear weapon states not to transfer nuclear weapons or other nuclear explosive devices to any other recipient and undertakings by non-nuclear weapon states not to receive, manufacture or acquire such weapons or devices. The Treaty derived much of its strength from the fact that this latter obligation was verified by the acceptance of IAEA safeguards on all source or special fissionable material anywhere in the territory of the state concerned or under its jurisdiction or control. Noting the fact that so many states had voluntarily permitted outside inspectors to examine their peaceful nuclear facilities, Mr Luce said that Britain would continue to co-operate with the IAEA in efforts to improve the safeguards system. It had been the first nuclear weapon state to submit all its peaceful nuclear facilities to safeguards, and had done so in order to encourage widespread adherence to the Treaty by showing that non-nuclear weapon states would not be placed at a commercial disadvantage by accepting safeguards. British exports to any non-nuclear weapon state of fissionable material or equipment designed for its processing or use were subject to appropriate safeguard agreements, and Britain was also taking an active role in a group of the Treaty's parties in producing an expanded list of items to which IAEA safeguards ought to apply.

As a consequence of its obligation as a nuclear weapon state, Britain had also introduced legislation and administrative procedures governing the export of nuclear materials, equipment and technology in order to ensure that exported items were transferred only for legitimate purposes and with the minimum risk of nuclear explosive use. Mr Luce pointed out that some 23 states, including certain non-parties, were now applying Nuclear Suppliers Group guidelines as part of their nuclear export policy. These performed an important function in the international non-proliferation regime by eliminating competition between suppliers regarding safeguards requirements, and at the same time did not interfere with the right of any of the signatories to use nuclear energy for peaceful purposes.

Nuclear Disarmament

Referring to the fact that each party to the Treaty was committed to pursue negotiations on effective measures related to ending the nuclear arms race at an early date and to nuclear disarmament, Mr Luce said that Britain, while it shared the widely felt disappointment about the lack of progress towards this objective, was still fully committed to its implementation. Indeed Britain had played an active part in virtually all multilateral arms control negotiations since the second world war. It believed, however, that nuclear disarmament had to begin with effective bilateral negotiations between the United States and the Soviet Union which between them possessed 95 per cent of the world's nuclear weapons, and that the resumption of talks between them in Geneva was the way to real progress (see pp 12, 70–1). Without the arms control agreements concluded after the Treaty's entry into force in 1970,[1] there would undoubtedly have been more nuclear weapons and a more dangerous world. Although this progress had not subsequently been sustained with further agreements, countries of the North Atlantic Treaty Organisation (NATO) had since 1980 taken important and concrete unilateral steps to reduce their nuclear weapons stockpile by deciding to withdraw a total of 2,400 nuclear warheads (see p 14). Once this process was completed the number of NATO nuclear weapons in Europe would be at the lowest level for 20 years.

Referring to those who argued that it was inconsistent for Britain to retain nuclear weapons while at the same time working to prevent others from acquiring them, Mr Luce stated: 'Nuclear weapons . . . whether we like it or not, have long been part of the East-West security relationship. It is vital that we continue to prevent war between East and West through deterrence, while working for balanced and verifiable nuclear arms reductions. There is no inconsistency between this and preventing the spread of nuclear weapons to other regions where they are not part of the existing security picture. Acquisition of nuclear weapons by such states would increase regional instability and make the world more dangerous.' As for Britain's nuclear deterrent, this represented less than 3 per cent of the strategic nuclear forces available to the United States or to the Soviet Union and therefore it would not make sense for Britain to seek to trade reductions with a superpower. If Soviet and US strategic arsenals were to be very substantially reduced, however, and if no significant changes occurred in Soviet defensive capabilities, Britain would want to review its position and to consider how best it could contribute to arms control in the light of the reduced threat.

Comprehensive Test Ban

Noting that Britain had been in the forefront of attempts since 1957 to make progress towards a comprehensive ban on all nuclear tests (see pp 229–30), Mr Luce said that the problem throughout had been to ensure adequate verification, for without it a ban would not contribute to international stability. A political will was needed to overcome the verification problems, which had caused the failure in 1980 of the negotiations between Britain, the United States and the Soviet Union; without solutions any resumption of formal negotiations would be premature.

Britain had tabled papers on verification at the Committee on Disarmament in 1982 and 1983 and, in July 1985, had submitted a paper on seismic monitoring for a comprehensive test ban. Britain believed that a test ban which allowed any militarily significant cheating by its signatories would not be in the interests of international stability or security, but that 'a properly verified treaty which met the security interests of all parties would be a significant contribution to containing the proliferation of nuclear arms'. Referring to the Soviet Union's announcement in August of a moratorium of its nuclear testing until January 1986,

[1] The Strategic Arms Limitation Agreement (SALT) and the Anti-Ballistic Missile Treaty of 1972, and the unratified Threshold Test Ban Treaty (1974), Peaceful Nuclear Explosions Treaty (1976) and second SALT agreement (1979).

Mr Luce said that this would be neither verifiable nor legally binding. 'Such unverifiable declaratory gestures are no substitute for serious negotiations towards comprehensive agreements.' Furthermore, any comprehensive test ban had also to include a ban on nuclear explosions for peaceful purposes since, in practice, these could not be distinguished from nuclear weapon tests and could also confer military benefits.

Peaceful Uses of Nuclear Energy

The Treaty, Mr Luce continued, reaffirmed the right of non-nuclear weapon countries to use nuclear energy for peaceful purposes, committing all the parties to facilitate the fullest possible exchange of materials, equipment and technology for this aim. In laying special emphasis upon the needs of developing areas of the world the Treaty, in association with its safeguards, provided the basis for the safe expansion of nuclear trade with the minimum risk of proliferation. Since 1970 the use of nuclear power for peaceful purposes had grown significantly despite the world recession, with 13 per cent of the world's total electricity being generated from nuclear energy and, of the 24 countries with nuclear power stations, a number regarded themselves as part of the developing world. Britain's particular contribution to this growth was the provision of fuel cycle services to a wide range of countries.

The central dilemma of nuclear technology transfer for power generation was to reconcile the need for assured supply of nuclear materials with the need for mutually acceptable non-proliferation conditions. The work of the IAEA's Committee on Assurances of Supply in developing a set of principles to address this question was of considerable importance and the United Nations Conference for the Promotion of International Co-operation in the Peaceful Uses of Nuclear Energy, due to meet in 1987, would have a useful part to play in resolving these issues.

Technical Assistance

In addition, the non-power uses of nuclear energy could make a valuable contribution to economic development, especially to the poorest countries. The eradication of the tsetse fly by means of the sterile insect technique or the use of radio-isotopes in hydrology were good examples of this. For such countries, technical assistance rather than trade would be a more appropriate method of technology transfer. Noting the fact that Britain had spent more than $1 million on technical assistance projects administered by the IAEA in developing treaty member states since 1980, Mr Luce announced that Britain would double its contribution (to $2 million) in the years up to 1990. Britain also had given $3·7 million to the Agency's Technical Assistance and Co-operation Fund since 1980, as well as contributions for training fellowships for people from parties to the Treaty in the developing world. In addition, Britain, together with Australia, Belgium, Finland, the Federal Republic of Germany, Italy, Japan, Luxembourg, the Netherlands and Portugal, had submitted to the review conference for serious consideration proposals for improving technology transfer mechanisms.[1]

[1]This working paper noted that a total of $143·4 million was spent between 1980 and 1984 on IAEA technical assistance and co-operation programmes. Over 3,500 people (more than 2,300 from treaty parties) received training in nuclear techniques, and projects supported included the use of isotopes in agriculture, medicine, industry and hydrology as well as projects in nuclear engineering and technology. Over this period, 78 per cent of the money contributed voluntarily to the IAEA's Technical Assistance and Co-operation Fund (just over $81 million) was spent in projects in states party to the Treaty. The paper suggests that future scope for improving the Agency's activities, in which nuclear technology could be transferred to developing countries, could include strengthening nuclear planning and evaluation studies, support for regional co-operative agreements and for long-term and multi-donor projects, and further exploration of the problems associated with major capital projects, particularly nuclear power generation.

Balance of Payments in 1984

For the fifth consecutive year, in 1984 a surplus (£900 million) was recorded on Britain's current account of the balance of payments. There was a surplus on invisible transactions of £5,000 million (the highest ever achieved), partially offset by a deficit on visible trade of £4,100 million (in large part caused by the coal-mining dispute). The surplus on interest, profits and dividends, at £3,300 million, was over £850 million greater than in 1983.

Estimates of the balance of payments recording transactions between residents of Britain and non-residents over the last 11 years are contained in the latest Balance of Payments Pink Book, published on 23 August.[1] Transactions are classified into main groups as follows: current account transactions covering exports and imports of goods and services, investment income and most transfers; investment and other capital transactions covering inward and outward investment and certain other capital transactions mainly by banks in Britain and abroad; and official financing covering changes in the official reserves and also net foreign currency borrowing with the object of directly reconstituting or supporting the reserves. This article briefly describes the principal changes in the balance of payments in 1984, drawing on some of the points made in a Central Statistical Office press notice released on 22 August.

[1] *United Kingdom Balance of Payments 1985 Edition*. Central Statistical Office. HMSO, £8·95. ISBN 0 11 620154 1.

Current Account

The current account surplus was £935 million in 1984, having been £3,168 million in 1983 (see Table 1). The surplus on invisible transactions increased by £1,033 million to £5,036 million, more than offsetting a deficit of £4,101 million recorded on the visible trade account. The deficit on visible trade was £3,266 million higher than in 1983, mainly as a result of the dispute in the coal industry (see pp 47–8). Visible exports rose in value by 16 per cent and imports by 21 per cent (see Table 2).

Table 1
Summary Balance of Payments

£ million

	1974	1979	1982	1983	1984
Visible trade balance	−5,351	−3,449	+2,331	−835	−4,101
Invisible trade balance	+2,034	+2,713	+2,332	+4,003	+5,036
of which *Services*	+949	+3,804	+3,215	+3,701	+3,985
Interest, profits and dividends	+1,507	+1,188	+1,115	+2,440	+3,304
Transfers	−422	−2,279	−1,998	−2,138	−2,253
Current balance	−3,317	−736	+4,663	+3,168	+935
Capital transfers	−75	—	—	—	—
Investment and other capital transactions	+1,602	+1,865	−3,199	−4,865	−3,291
Allocation of Special Drawing Rights	—	+195	—	—	—
Official financing:					
Net transactions with overseas monetary authorities	—	−596	−163	−36	—
Foreign currency borrowing (net)	+1,751	−250	+26	+249	+408
Official reserves*	−105	−1,059	+1,421	+607	+908
Balancing item†	+144	+581	−2,748	+877	+1,040

*Drawings on (+)/additions to (−).
†Reflects distortions and omissions, and is included to make total entries sum to zero.

Table 2
Current Account

£ million

	1974	1979	1982	1983	1984
Exports (free on board)	16,394	40,687	55,565	60,776	70,409
Imports (free on board)	21,745	44,136	53,234	61,611	74,510
Visible balance	**−5,351**	**−3,449**	**+2,331**	**−835**	**−4,101**
Invisible trade balance:	**+2,034**	**+2,713**	**+2,332**	**+4,003**	**+5,036**
Services					
General government	−519	−806	−849	−850	−923
Private sector and public corporations:					
Sea transport	−111	+127	−623	−1,013	−1,151
Civil aviation	+85	+288	+391	+428	+469
Travel	+195	+688	−472	−397	−448
Financial and other services	+1,299	+3,507	+4,768	+5,533	+6,038
Interest, profits and dividends:					
General government	−352	−502	−744	−1,051	−1,282
Private sector and public corporations	+1,859	+1,690	+1,859	+3,491	+4,586
Transfers					
General government	−302	−2,018	−1,798	−1,954	−2,090
Private sector	−120	−261	−200	−184	−163
Current balance	**−3,317**	**−736**	**+4,663**	**+3,168**	**+935**

Table 3
Analysis of Investment and Other Capital Transactions

£ million

	1974	1979	1982	1983	1984
Overseas investment in Britain	+2,204	+4,282	+3,487	+5,163	+3,619
British private investment overseas	−1,148	−6,802	−10,428	−11,241	−14,585
Official long-term capital	−287	−401	−337	−389	−361
Trade credit	−722	−789	−1,416	−1,541	−474
Foreign currency borrowing or lending abroad by United Kingdom banks	−295	+1,622	+4,274	+1,413	+8,865
Changes in external sterling liabilities	+1,558	+3,336	+4,360	+4,179	+6,440
External sterling lending by United Kingdom banks	+53	+205	−3,299	−1,339	−4,716
Other external borrowing or lending	+351	+478	−36	−590	−1,489
Other transactions	−112	−66	+196	−520	−590
Total	**+1,802**	**+1,865**	**−3,199**	**−4,865**	**−3,291**

Invisible Transactions

Credits on invisible transactions totalled £75,879 million in 1984 and debits £70,843 million. There was a surplus of £3,985 million on services (compared with £3,701 million in 1983), one of £3,304 million on interest, profits and dividends (£2,440 million in 1983) and a deficit of £2,253 million on transfers (£2,138 million in 1983).

The services account in 1984 consisted of the customary deficit on general government transactions (£923 million compared with £850 million in 1983) and a surplus on the transactions of the private sector and public corporations (£4,908 million against £4,551 million in the previous year). The deficit on the sea transport account continued to grow (from £1,013 million in 1983 to £1,151 million in 1984) but the deterioration was much smaller than in past years. The civil aviation account was, as usual, in surplus (by £469 million against £428 million in 1983). For the fourth successive year, the expenditure of residents in Britain exceeded that of overseas visitors to Britain, leading to a deficit on the travel account of £448 million (£397 million in 1983). Financial and other services showed a surplus of £6,038 million (£5,533 million in 1983); the overseas service earnings of British financial and allied institutions (which are calculated net of their overseas expenses while earnings by overseas financial and allied institutions from other institutions in Britain are included in the debits for other services) rose from £2,658 million to £2,828 million between 1983 and 1984.

The surplus on interest, profits and dividends, at £3,304 million, was £864 million greater than in 1983, partly as a result of the increase over recent years in the level of Britain's net external assets (see pp 75–7).

The general government deficit was greatly outweighed by the surplus on the private sector and public corporations account. Income from British portfolio investment abroad rose by more than one-third to £3,520 million. Portfolio investment income of banks located in Britain increased by nearly 70 per cent to £1,420 million reflecting a shift to lending in the form of marketable securities such as floating rate notes and bonds. Portfolio investment has become increasingly important compared with traditional types of foreign currency lending and this is a factor in the continuing decline in 1984 in the banks' net receipts of interest from foreign currency borrowing and lending. Helped by the strength of the United States dollar, earnings from direct investment overseas by British oil companies rose strongly in 1984 to £3,033 million; those from non-oil companies were virtually the same as in 1983 at £4,128 million. Credits from external sterling lending by banks located in Britain increased from £1,299 million to £1,719 million in 1984. The upward trend of earnings from direct investment in Britain by overseas non-oil companies accelerated in 1984 and receipts reached £3,311 million, but oil companies from abroad saw their earnings increase at a slower rate than in 1983 to £3,169 million.

Net overseas earnings of the City of London (which are included partly in services and partly in interest, profits and dividends) grew from £5,291 million in 1983 to £6,056 million in 1984, the major increase having been in the earnings of banking institutions (from £1,734 million to £2,339 million). Earnings of lessors, commodity traders, investment and unit trusts, pension funds and brokers rose by just over one-tenth to £2,132 million in 1984 and those of British insurance institutions fell slightly to £1,585 million.

The rise in the deficit on transfers in 1984 was £115 million. The private sector transfers deficit decreased from £184 million in 1983 to £163 million in 1984, but the deficit on general government transfers increased from £1,954 million to £2,090 million. The deficit on general government transfers with European Community institutions was a little higher than in 1983 at £846 million.

Investment and Other Capital Transactions

Identified investment and other capital transactions showed an outflow of £3,291 million in 1984 compared with one of £4,865 million in the previous year (see Table 3). Direct investment transactions resulted in net outflows of £3,324 million (£1,613 million in 1983); under portfolio investment there was a net outflow of £7,642 million (£4,465 million in 1983). British private investment overseas in 1984 totalled £14,585 million, an increase of nearly 30 per cent over the figure for 1983. British oil companies' investment roughly doubled as Royal Dutch withdrew funds from Britain to finance its share of the Royal Dutch-Shell Group's purchasing of minority shareholdings in Shell Oil of the United States. Banks' portfolio investment overseas increased by £4,783 million to £7,187 million, whereas the portfolio investment of other British financial institutions fell from £3,474 million to £719 million. External sterling lending by banks located in Britain recovered sharply in 1984 to reach £4,716 million, the highest total since the abolition of exchange controls in 1979 (see p 162, 1980). Foreign currency borrowing and lending abroad by banks from Britain resulted in net borrowing in 1984 of £8,865 million compared wth £1,413 million in 1983. Total overseas investment in Britain declined to £3,619 million in 1984, almost 30 per cent below the 1983 figure. However, direct investment by overseas non-oil companies rose to £2,451 million, only slightly under the peak total for 1980.

Official Financing

The net inflow under official financing in 1984 of £1,316 million (£820 million in 1983) reflected drawings of £908 million on the official reserves (£607 million in 1983). At the end of 1984 the reserves amounted to £13,219 million.

Unitary Taxation

The system of unitary taxation adopted in certain parts of the United States – notably California – is not in accord with accepted principles of international taxation and can lead to double taxation for British-owned companies operating in such states. The Finance Act 1985 therefore contains provisions which would enable the Government to impose financial penalties on United States companies which have subsidiaries in Britain and a substantial presence in the states in question, unless changes are made by the end of 1986 to the system of unitary taxation operated by those states.

The provisions were added to the Finance Bill with all-party support during its report stage in the House of Commons on 9 July (*Hansard*, Vol 82, No 152, cols 1014-37) and form section 54 of the Finance Act which received the Royal Assent on 25 July. This article draws on an article in the August issue of HM Treasury's *Economic Progress Report*.

The Unitary Taxation System

While it is an internationally accepted principle that foreign-owned companies in any country should be required to pay tax there only on profits arising in that country, the unitary taxation system currently operated by six US states[1] taxes any foreign-owned company on a proportion of the total world-wide income of the group to which the company belongs. The proportion is based on the ratios of the group's property, staff-numbers and sales to its property, staff-numbers and sales world-wide. As a consequence the taxes payable by British-owned companies operating in any of the six states do not necessarily bear any relation to the income actually arising in that state. Nor is any allowance made for foreign taxes payable by the group's companies anywhere else in the world.

Objections to Unitary Taxation

Speaking during the report stage debate of the Finance Bill, the Financial Secretary to the Treasury, Mr John Moore, said that the 'arm's-length method' of international taxation (that of taxing only those profits

[1]California, Alaska, Idaho, Montana, New Hampshire and North Dakota.

arising within an appropriate territory) was recognised by both the Organisation for Economic Co-operation and Development and the United Nations and was 'enshrined in a world-wide network of bilateral double taxation agreements to which the United States is party'. It provided a coherent and consistent tax framework for international trade and investment. Each state imposing the unitary taxation system was 'reaching beyond the borders of its own jurisdiction and taxing profits earned outside it, and thus breaching the internationally accepted principles'. The system meant unfair tax bills: it was possible for a foreign-owned subsidiary to be taxed on more than 100 per cent of its income in a particular state; and an actual loss made in a state could be treated as if a taxable profit had been made instead. The system also imposed an excessive compliance burden, involving foreign-owned companies in the supply of information on the world-wide activities of their groups.

If unitary taxation continued, it would distort investment decisions by damaging inward investment in the states that imposed it. Furthermore it would disrupt the internationally accepted framework and have a damaging effect on the development of world trade. A speedy resolution of the problem was especially important to Britain, Mr Moore said, because the cumulative total of British investments in the United States was, at $32,000 million (about £23,200 million at average July rates of exchange), greater than that of any other country, representing a quarter of all foreign direct investment in the United States.

Efforts to Deal with the Problem

A double taxation treaty between Britain and the United States, which was negotiated in the 1970s and entered into force in 1980, was originally to have contained a provision preventing individual states from applying a system of unitary taxation to British companies. Although agreed by the two administrations and ratified by the House of Commons in 1977, the provision had not secured the necessary two-thirds support in the United States Senate. The United States Administration had then assured the British Government that it would use its best endeavours to secure a solution.

Speaking in the debate, Mr Moore said that there had been some progress but not enough. A United States Treasury working group had agreed that the principle of unitary taxation should be limited to the United States and not be world-wide in application, and a number of states had repealed or modified their unitary taxation regimes. Legislative initiatives in the remaining six states had failed, however, and, despite continued pressure from the British Government and parliamentary and industrial representatives, a solution to the problem remained in doubt. The Government had therefore concluded that it would be right for legislative action to be taken.

Powers to Penalise United States Companies

The powers contained in the Finance Act would, if invoked, deprive United States parent companies of tax credit on dividends paid by their subsidiaries in Britain, if the parent company had a substantial business presence in a state operating unitary taxation. (Under the double taxation treaty, United States parent companies receive a tax credit on half the amount of a dividend that a British resident would receive from a subsidiary company based in Britain. The credit would be equivalent to 15 per cent of the gross dividend payment.)

A threefold definition of 'substantial business presence' will provide the Government with a degree of flexibility in specifying the companies and states affected. The provisions can be invoked if

1 the group of which the United States parent company is a member has 7·5 per cent or more of its property, staff or sales in a state operating unitary taxation; or

2 if the company is subject to income tax in such a state; or

3 if the company has its main place of business in such a state.

If, however, a state were to repeal its unitary taxation laws, then, even in a case where the British Government had already invoked its powers under the Act, there would be no withdrawal of the tax credit, provided that the repealing legislation became effective before the end of 1986.

Speaking in the House of Commons, Mr Moore said that at the extreme the impact of these measures could cost the parent companies as much as £500 million a year. He very much hoped that it would prove unnecessary to invoke the powers in the legislation; there was common interest in solving the issue.

Building Consultancy Overseas

British firms of architects, consulting engineers and surveyors continue to be involved in projects in nearly every part of the world. Consulting engineers alone have work in hand in over 140 countries with a capital value of almost £50,000 million.

The professional organisations representing architects, consulting engineers and surveyors reported on consultancy work overseas in the 30 August issue of *British business*. Some examples from these reports are given below. (An article on civil engineering work undertaken overseas in 1984-85 by British contractors, together with figures for the overseas earnings of all British contractors, consultants and suppliers associated with construction, will appear in a future issue of *Survey of Current Affairs*.)

Architects

Members of the Royal Institute of British Architects are engaged in a wide range of overseas projects.

In Qatar, the Doha zoological gardens designed by John S. Bonnington Partnership are now open to the public. The waterfall in the landscaped gardens also provides cooling for the air-conditioning. After completing the construction of the zoo buildings and grounds, the partnership and the Zoological Society of London were jointly appointed to commission and manage the zoo. Further phases of the development are now at the design stage and these will include

a free-flight aviary, children's zoo, education centre, mosque, leisure garden and adventure playground. Also in Qatar the company has recently completed the headquarters building for the Gulf Organisation for Industrial Consulting, a building which houses a staff of 200, a conference centre, a coffee shop, library and a computer centre. In Nicosia the firm has completed the final design for the Cyprus government centre, a complex which will house over 3,500 personnel. The overall development is designed as a traffic-free pedestrian 'spine' from which the various ministries grow. The offices are arranged in banked tiers, building up in height from the site perimeter to its centre, an arrangement which is compatible with the existing townscape and with traditional building forms.

Culpin Planning is providing professional services and technical assistance to the Governments of Bangladesh, Egypt and Indonesia. In Bangladesh, the company is preparing proposals for upgrading and redeveloping sections of the oldest area of Dhaka, including recommendations aimed at strengthening the urban management capacity of the relevant public sector agencies. In Egypt, the firm is advising the Cairo and Giza governorates on a major development programme. In Indonesia, it is assisting the Government in the preparation of proposals for the development of five secondary towns in the Jakarta metropolitan region.

In Hanover, in the Federal Republic of Germany, Darbourne and Darke's competition-winning design and subsequent commission for the redevelopment of an island site in the river Leine is now nearing completion. The project comprises 264 dwellings arranged in two concentric 'rings' of continuous terraced blocks. The external 'ring' follows the island's perimeter while in the centre of the inner 'ring' there is a pond designed as a focal point of the surrounding landscaped spaces. Another competition-winning design by the practice is under construction in the Semi Rurali district of Bolzano in Italy. The scheme is a high-density, low-rise housing development consisting of 'units' of six to eight dwellings, a form which is in character with local tradition and responds to the climate. Since the competition, the firm has also been commissioned to design a further area west of the housing district which includes shopping, civic, welfare, office and commercial facilities.

The Halpern Partnership, in association with Emery Roth of New York, Houston and Singapore, has been involved in several schemes in the United States and China. In addition to studies for Saks on 5th Avenue, in New York the firm has also designed a 32-storey building, a project for which it also provided interior design services. The company has also carried out studies for a 1,500 sq m (16,000 sq ft) covered atrium linking three office buildings in Westchester; three groups of balconies cascade into the centre of the atrium, at the base of which there are waterfalls and fountains. In Shanghai the practice has designed a 42-storey conference hotel, with convention hall/ballroom, press and business centre, health centre, swimming pool and four major restaurants.

John R. Harris and Partners, Dubai, was placed first in the competition for a new Diwan (council chamber) for the ruler of Dubai and foundation work has already begun on site. Refurbishment is being carried out to the National Bank of Dubai headquarters building (built in 1969-70 to the firm's design). John R. Harris Qatar has completed production drawings for a new headquarters for the Qatari Emirates Air Force; meanwhile site work on the new women's hospital is within six months of completion. In China, work is proceeding on site on commercial, residential and industrial phases of the Zhubai special economic zone to designs by John R. Harris and Partners, Hong Kong office, while in Hong Kong itself, construction continues on the 1,600-bed Tuen Mun hospital and will begin shortly on a 20-storey extension to the existing Caritas hospital. In Oman, John R. Harris Associates is preparing production drawings for a new 32,000 sq m (345,000 sq ft) commercial centre in the capital area, while site work is continuing on residential projects for Petroleum Development Oman and the Ministry of Defence. In Salalah, the new Minister of State and Wali of Dhofar offices are due for completion in September 1985, and work has started on a government high frequency transmitter station complex at Thumrait.

Following a successful competition entry, Robert Matthew, Johnson-Marshall and their Thai partner M. L. Davakul have been appointed by the United Nations to proceed with the detail design on a new multi-million-pound conference complex for the United Nations Economic and Social Commission for Asia and the Pacific. The complex will contain a plenary meeting room and two medium-sized meeting rooms, in addition to an existing conference hall. The design takes its form from the pitched roofs prevalent in Thailand and other member countries.

Norman and Dawbarn continues to be active overseas, particularly in Africa and the Middle East. In Nigeria, work is proceeding on the second phase of the University of Sokoto and the Sokoto state polytechnic at Birnin Kebbi. The State Secretariats at Bauchi and at Makurdi, Benue state, are nearing completion as well as the secondary school at Uba in Gongola state. The outpatients department and the general wards of the 280-bed Mbeya referral hospital, Tanzania, are now in use and the other departments in phase I will be handed over early in 1986. Work has started on phase II which includes refurbishing the existing hospital buildings. The project is funded by the Overseas Development Administration. In Malawi work on the phase IV development of the University, which includes extensions to the biology and chemistry department, continues. The firm is proceeding with the Malawi national agricultural research project, which consists of upgrading and extending all the research stations in the country. Funds for this work are being provided by the World Bank.

Norman and Dawbarn has also joined a World Bank team in Zambia to produce an appraisal report for the Zambian agricultural research and extension project. In southern Sudan, work on the agricultural training centre at Yei has been completed, and work has also started on an office complex and support facilities for the equatorial regional agricultural project, both being funded by the Overseas Development Administration.

In Pakistan Shankland Cox was commissioned to work with a local consultant and prepare a four-year programme for upgrading the Katchie Abadies in the metropolitan area of Karachi, which houses 37 per cent of the city's 7 million population. The project involved a socio-economic survey to assess the needs of the community and its ability to contribute to costs, the development of new standards for infrastructure design which were both affordable and appropriate,

and recommendations on the form and nature of the institutions required to design, supervise and manage this extensive upgrading project. In response to a request from the Jamaican Government, the Overseas Development Administration appointed Oliver Cox of Shankland Cox to make proposals for the upgrading of Port Royal. These proposals concern the upgrading of the existing town, the repair and re-use of the remaining historic buildings and the opening-up of the fortifications for visitors in such a way as to provide employment for the local population. In Hong Kong the firm was responsible for the north Lantau development investigation, one of five regional studies commissioned by the Government to assess the long-term development strategy for the territory. In Cameroon, in west Africa, it is acting as planning consultant for water supply projects at Nkongsamba and Maroua.

Percy Thomas Partnership has received commissions for four hospital projects in Oman. Further hospital work is being carried out in Egypt, Algeria and China, where the company has been involved in the design of a new hospital and health centre at Shenzen in the special enterprise zone just north of the border with Hong Kong.

Consulting Engineers

Members of the Association of Consulting Engineers are responsible for a wide range of tasks involved in providing essential infrastructure. Well over one hundred consulting engineering firms are currently engaged in work overseas. The following examples concentrate mainly on the contribution which the profession is making in areas of the world where development of basic infrastructure is less advanced.

In May this year the generating capacity of Sudan's Blue Nile electricity grid was increased by 25 per cent when a new power station was commissioned in north Khartoum. This benefit for industrial, commercial, agricultural and domestic consumers in the surrounding region stems in great measure from the work of British consulting engineer Ewbank Preece in conceptual design, specification preparation and tender evaluation as well as in design approval, site supervision and, currently, assistance during the first 12-month maintenance period.

A 9 km (3·6 miles) trunk water main running through the centre of Calcutta is 70 years old and in a poor state of repair. Extensive water losses have resulted in serious shortages in that crowded city. A feasibility study undertaken by Thames Water into remedying the problems with minimum disruption has been supported by Watson Hawksley.

The need for roads in developing townships is widespread. In Oman, Travers Morgan has been commissioned to study, design and prepare contracts for roadworks in the townships of Ibra and Al Qabel in the eastern part of the country. Travers Morgan will also be responsible for the supervision of construction.

A fertiliser plant at Mersin in southern Turkey requires rehabilitation if it is to continue to serve its locality. Chemical specialist Cremer and Warner was appointed for the task and the work should be completed next year – although further expansion is possible. Cremer and Warner is also among British firms involved in hazard and safety investigations whose importance such disasters as that in Bhopal in December 1984 made evident. It has, for example, been investigating consultant at Seveso in north Italy.

The Victoria Dam on the Mahaweli Ganga, which was inaugurated in April (see pp 151-2), has not only added a third as much again to the electrical capacity available in Sri Lanka but, by irrigation, will permit successful settlement of 45,000 hectares (111,000 acres) of land with all the advantages for agriculture and employment which will follow. Principal consulting engineer throughout the project has been Sir Alexander Gibb and Partners, with electrical and mechanical expertise coming from Ewbank Preece. On a different scale Sir Alexander Gibb and Partners is following up design of a dhow harbour in Abu Dhabi by designing adjacent berthing facilities for some 100 fishing craft.

British consulting engineers continue to be involved in the development of health care overseas. W. S. Atkins and Associates is combining with a Saudi concern to act as design consultant for the new King Fahd Medical City and hospital project in Riyadh, Saudi Arabia. The scheme includes a 450-bed general hospital, paediatric, maternity, rehabilitation and psychiatric facilities, with an associated health-care centre and housing and general amenities for the staff. The British firm of Donald Smith, Seymour and Rooley is also taking part as mechanical and electrical engineer.

A link with another advanced profession is illustrated by the work of Freeman Fox and Partners in connection with the La Palma observatory in the Canary Islands which was opened by King Juan Carlos of Spain in June. The British part in the seven-nation project has been considerable and Freeman Fox, having first carried out studies to assist in determining the site, has been consulting engineer for the structures housing the main telescopes, which involved designing the 200 tonne, 20 m (66 ft) high mounting which is to take the huge 4·2 m (14 ft) William Herschel telescope due to be shipped shortly from Newcastle upon Tyne.

Development of all kinds continues in the Far East and John Burrow and Partners was commissioned last year to implement a road maintenance management system in China. This computerised system, devised by Burrow in conjunction with the University of Birmingham, is designed to achieve an efficient distribution of maintenance funds by evaluating road surface conditions and, after assessing economic factors, selecting the remedial works which will best contribute to enhancing highway network serviceability. John Burrow and Partners has already implemented the system in Thailand and has been appointed to do so in Malaysia.

Pavement strength is also a concern at airports. The Hong Kong office of Sir William Halcrow and Partners is engaged in a computer analysis of deflections of the pavement at Kai Tak airport in Hong Kong, making maximum use of the hours of darkness when air traffic stops.

In the Philippines there is a problem of saline intrusion into coastal freshwater aquifers in several regions of high population and of great demand, including the needs of irrigation. Binnie and Partners is now studying the problem in six areas and will recommend both regulatory measures and technical solutions which may then be applied more generally in the Philippine archipelago. In 1984 the company was engaged in examining almost the reverse problem in

Greece where groundwater resources were being lost to the sea with consequent adverse effects on coastal life and agriculture.

In the sphere of mining Watermeyer, Legge, Piesold and Uhlmann is designing a waste management scheme and investigating the sediment transport capacity of the regional water system adjacent to the Wau Gold mining operation in Papua New Guinea. The firm is also the adviser in the European Community study on open-cast mining safety in Malaysia, Indonesia and Thailand.

Scott Wilson Kirkpatrick and Partners is completing an updating study into the widening and upgrading of an 88 km (55 mile) section of the main road from Kathmandu, Nepal, to India. BMMK Cotterell has been doing design and contract documentation work for a 185 km (116 mile) road in Honduras, including 34 bridges.

A comprehensive account of the activity of British consulting engineers abroad up to 31 December 1984 can be found in the most recent edition of the Association of Consulting Engineers' annual publication *Overseas Work Entrusted to Members*.

Chartered Surveyors

Members of the Royal Institution of Chartered Surveyors are concerned with surveying and mapping, land administration and construction economics. The Institution has 73,000 members, including both those qualified and those in training, of whom 8,900 live and work overseas. The Middle East has become a major area of operation since British firms of chartered surveyors first established a presence there in 1977. Initially the demand was for land and quantity surveying services, but more recently there has been greater need for valuation of property portfolios, development consultancy and property management.

There are two examples in Bahrain where a British chartered surveyor has been retained in the capacity of development consultant. The Yateem Centre II, a multi-level shopping centre, is the first of its kind in the region. It is due for completion in late 1985 or early 1986, and, together with an earlier phase which was completed three years ago, will create the largest commercial centre on the island. The same firm of chartered surveyors has been retained to manage and lease the centre. The second example is a 14-storey, high-technology office development, the Nass Tower, located in the capital's burgeoning new banking district. A chartered surveyor acted as development consultant throughout the scheme and has been retained to carry out the leasing and continuing management. Chartered land surveyors continue to play an important role in the area. Assignments include the internationally financed Saddam irrigation project in Iraq; large-scale topographical mapping of villages and roads; the setting-out of the Bahrain/Saudi Arabia Causeway project; and pipeline and offshore rig positioning in the Gulf.

Chartered quantity surveyors have won important contracts throughout the Middle East. In Iraq they are responsible for the commercial management of projects valued at over £3,600 million. These include Baghdad and Basrah international airports, the Iraq Expressway No. 1, the Baghdad water supply network and Karkh water treatment plant, together with housing projects for Baghdad municipality and Baghdad medical city. Post-contract services have been provided on the Kuwait waterfront project valued at £170 million, and the central hospital project in Tripoli valued at more than £90 million. In Saudi Arabia, British quantity surveyors are involved in an electrification project in Al Jawf province which comprises two power plants totalling 135 MW capacity, 15 substations, 650 transformers and 1,900 km (1,190 miles) of overhead lines connecting approximately 11,500 houses and pumps; a desalination plant to serve Mecca and Taif; and a refinery project at Yanbu on the Red Sea. They have carried out pre-contract negotiations and full post-contract consultancy services for a national computer and training centre in Riyadh with zone centres in Jedda, Arar, Taif, Tabuk and Buraidah; and for border customs and immigration facilities on a man-made island for Bahrain and Saudi Arabia. In Oman, a British firm provided on-site quantity surveying services for the Oman Cement Company's Rusail plant, with a capacity of 624,000 tonnes a year, a wholly-owned Omani government venture with a capital investment of £68 million. In Kuwait, pre-contract services were carried out for the new Kuwait post office tower. In Bahrain, the Arabian Gulf university is now under construction. Full quantity surveying services in respect of the academic, academic support and amenity buildings, with a total area of 65,000 sq m (700,000 sq ft) and a construction cost of approximately £40 million, are being supplied by a British firm.

There has been increasing demand from overseas for the specialised services of the plant and machinery valuer – at a tractor plant in Poland, shipyards in Greece, a mine in Sierra Leone, a power station in Trinidad and a steel mill in India. A recent assignment in Australia had a value of nearly £400 million; another involved assets located throughout Europe and worth £300 million. One London practice has been involved in valuations as diverse as a pet food plant in Australia, contracting plant in Tanzania and oil refineries and allied plant in Peru. The project in Peru was required for insurance purposes and the detailed valuation included buildings, civil works and plant and machinery – the total value at risk being in excess of £2,900 million. A major element of this valuation concerned a pipeline which was laid to expedite the transportation of crude oil from the various drilling fields in the Peruvian jungle to one of the most sophisticated gravity feed marine loading facilities on the coast. The pipeline (which is technically ranked number 2 in the world, number 1 being the Alaskan) is about 850 km (530 miles) long. It follows a course through the jungle, over the Andes, across the desert and terminates on the coast. At various stages along its length are pumping stations and line maintenance depots which, on their own, contained equipment worth many millions of pounds. The whole survey from its beginning to the provision of preliminary valuation reports took ten weeks.

For the general practice surveyor one area of growth over the past few years has been North America. Services supplied include analyses of the property investment and development market for national and multinational clients; organising funds and managing development projects; advising shareholders in American property companies concerning their portfolios; and acquiring, managing and disposing of properties on behalf of individual and institutional investors.

A further area of growth for all sections of the profession is Australia and the Far East. In Sydney a general practice firm has been involved throughout the entire project of the 38-level CBA Centre which has a lettable area of 37,808 sq m (407,000 sq ft) of office space and a three-level shopping centre comprising 80 shops. Chartered surveyors provided consultancy services, financial analyses, leasing, management and sale of the building which at A$4·5 million (£9 million) was Australia's record single property sale. Chartered quantity surveyors working in Australia have been involved in the Olympic dam project, providing a final feasibility survey for large-scale mining and mineral extraction. In Singapore, a British firm has been appointed sole leasing agent and consultant for the Overseas Union Bank centre which at 60 storeys will be the tallest commercial building in Singapore. In Hong Kong, one general practice firm advised on the residential development possibility of the Tseun Wan terminal, which will house 18,000 people.

A field of substantial growth for the profession is the offshore oil market in the North Sea, South China seas and elsewhere. Chartered surveyors are engaged on hydrographic surveys, the production of marine charts and pipeline route surveys. In Japan, they carried out the dimensional surveys needed to make sure that modules manufactured there and in Europe would mate successfully in Scotland with the production platform for which they had been constructed. In Norway, chartered quantity surveyors were involved in the fabrication of modules for the Ula offshore oil development and in various submarine pipelines, including the 22 km (14 mile) Gullfaks line.

Full details of overseas work undertaken by chartered surveyors in 1984 can be found in the third edition of the RICS *Directory of International Practices* which is available from the Royal Institution of Chartered Surveyors.

Shorter Notes

BRITISH STEEL CORPORATION

A new three-year strategy for the British Steel Corporation (BSC), agreed after consultation with the Government, was announced by the Corporation on 7 August. In a statement welcoming the plan, the then Secretary of State for Trade and Industry, Mr Norman Tebbit, said that it was a step towards putting the BSC on course to meet the Government's objectives for it, which were that it should be restored to commercial viability and, eventually, privatised. For the Government, the essential feature of the agreed strategy was that, barring unforeseen changes in market conditions, steelmaking would continue at all five of the BSC's main integrated sites for at least the next three years. Mr Tebbit stressed, however, that the plan could not mean that any particular plant or works was permanently safe. As part of the plan, the Government had agreed in principle that Phoenix II, a joint venture in engineering steels between the BSC and Guest, Keen and Nettlefolds, should go ahead, although further work remained to be done before the new company could be in operation.

BSC planning since 1982 had been on the basis of a government statement of 20 December 1982 (see pp 33-4, 1983). The planning process had been interrupted by the recent coal industry dispute (see pp 47-8, 1985) and but for this BSC would have made a profit after interest payments in 1984-85. The Corporation was currently trading profitably and the Government expected a profit after interest payments in 1985-86. It had only been with the ending of the dispute that the BSC and the Government had been able to discuss future strategy.

European Community rules on state aids for the steel industry meant that the BSC had to draw up a plan this year demonstrating its viability in 1986 and beyond, and the strategy was therefore still subject to approval by the European Commission. The Council of Ministers of the Community would need to decide later in the year what, if any, state aids should be permitted for the steel industry after the expiry of the present regime at the end of 1985. Mr Tebbit said that the Government intended to pay no further subsidies to the BSC after that date and regarded it as essential that the Community should not permit payment of extensive state aids, direct or indirect, by other member states which could disadvantage the BSC and private sector British steelmakers.

Source: Department of Trade and Industry press notice, 7.8.85

DESIGN AWARD

An award made by the International Council of Societies of Industrial Design for the Government's support of design was received by the Parliamentary Under-Secretary of State for Industry, Mr John Butcher, at the Worldesign '85 congress in Washington D.C. on 21 August. The award citation paid tribute to the Prime Minister, Mrs Margaret Thatcher, who had identified design as crucial to the Government's industrial policy. A new programme to include design education in school curricula had been established by the Government which had also given financial support for the introduction of design awareness courses in business schools and provided incentives to manufacturers to use design consultants (see pp 234-5, 1984). Mr Butcher said: 'Good design lies at the heart of product success. Successful products create wealth for companies and economies, and satisfy consumer demand. [British] designers are recognised as a major force in Britain's industrial and commercial renaissance.'

Source: Department of Trade and Industry press notice, 21.8.85.

Statistics of the Misuse of Drugs

Statistics published on 3 September show a 50 per cent increase in 1984 in the number and quantity of heroin seizures by customs officers and the police and a similar increase in the number of people found guilty of offences involving heroin. At the same time the number of addicts notified to the Home Office rose by 26 per cent. Commenting on the figures the Parliamentary Under-Secretary of State at the Home Office referred to recent measures to combat drug abuse and said that the Government was determined to do everything in its power to curb drug trafficking and misuse.

The statistics (published in *Statistical Bulletin* No 23/8, Home Office, £2·50) relate to drugs controlled under the Misuse of Drugs Act 1971. The Act divides drugs into three categories, A, B and C, according to their harmfulness. The Misuse of Drugs (Notification of and Supply to Addicts) Regulations 1973 require a doctor who attends a person whom he or she considers or suspects to be addicted to a notifiable drug to forward particulars to the Home Office. Notifiable drugs include heroin, cocaine, morphine, dipipanone and methadone.

Drug Seizures

In 1984 there were some 28,600 seizures of controlled drugs in the United Kingdom, some 9 per cent more than in 1983. The percentage increase in the number of seizures of class A drugs (33 per cent) was much greater than that for class B drugs (5 per cent). This is the first time the increase in the number of seizures of class A drugs has exceeded the increase for class B drugs, and probably partly reflects the greater efforts being made by the police and customs to deal with trafficking in the more dangerous drugs. The number of seizures of class A drugs increased for the seventh year to reach about 5,000 in 1984. Most of the increase between 1982 and 1984 was accounted for by the increase in seizures of heroin from 1,000 to 3,000. The total quantity of heroin seized in 1984 was about 360 kg, some 125 kg (53 per cent) more than in 1983. There was also a large increase in the number of seizures of cocaine; there were about 900 in 1984, some 200 (30 per cent) more than in 1983. The amount seized was 65 kg compared with 80 kg in 1983. The fall in the amount seized by the customs is attributed to the interception in Europe of cocaine destined for the United Kingdom as a result of increased international co-operation. The number of seizures of LSD also increased in 1984 to about 600, about 100 (21 per cent) more than in 1983 and twice the annual average for 1977 to 1980.

Of class B drugs the seizures of cannabis resin (13,978) and herbal cannabis (9,730) were slightly higher than in 1983 (13,976 and 8,929 respectively).

Drug Offenders

The number of people found guilty or cautioned for offences involving controlled drugs rose to 25,000 in 1984, 1,700 (7 per cent) more than in 1983, the figure having more than doubled since 1975. The increase in 1984, however, was lower than the increases over the two previous years. More than half the increase in 1984 was accounted for by the increase in the number cautioned, and reflected the greater number of police forces using cautioning for first-time offenders found in possession of small amounts of cannabis for personal use.

The number of offences involving heroin increased by more than 900 (62 per cent) between 1983 and 1984 and the number of persons found guilty or cautioned at about 2,450 was the highest ever and three times the figure for 1981. The numbers found guilty or cautioned were also the highest recorded for amphetamines and cocaine (2,500 and 700 respectively) and were about a quarter higher than in the previous year.

The most frequent type of offence was unlawful possession, which was committed by some 86 per cent of those found guilty or cautioned. Trafficking offences numbered 4,100, an increase of 24 per cent over 1983 and more than double the number in each of the years 1976 to 1978.

The average age of offenders in 1984 was 26, much the same as in recent years. However, the number of offenders under 21 rose in each of the last seven years from 25 per cent of the total in 1977 to 29 per cent in 1984.

Notifications

The number of addicts notified to the Home Office in 1984 was about 7,400, a higher number than in any previous year and some 1,550 (26 per cent) more than in 1983. This excludes the 5,850 addicts who at the end of the year were receiving notifiable drugs from medical practitioners as part of the treatment of their addiction. The increase in 1984 was, however, lower than the previous year when the number increased by 42 per cent. The bulletin points out that the number of drug addicts is known to be higher than the number notified, but the rate of increase among notified addicts may be greater than among the total number of addicts as a result of efforts to make doctors more aware of notification requirements.

As in earlier years, most of the increase in notifications in 1984 was among persons notified for the first time – 5,400 in 1984 compared with 4,200 in 1983. Over 90 per cent of new addicts were addicted to heroin, continuing the upward trend which started in 1978 when the proportion was about 60 per cent. The large increase in the last two years appears to be associated with the increased availability of the drug.

In 1984, as in each of the previous seven years, about three-quarters of new addicts were under 30 and the rise which began in 1980 in the number and proportion of new addicts under 21 continued. In 1984, as in each of the previous four years, just over 70 per cent of new addicts were males; this proportion was about 75 per cent during the period 1974 to 1978.

Of the 7,400 addicts notified to the Home Office in 1984, some 53 per cent were notified by family doctors, 31 per cent by hospitals and treatment centres and 16 per cent by prison medical officers.

Minister's Comments

Commenting on the statistics, Mr David Mellor, Parliamentary Under-Secretary of State at the Home Office, said that the figure for the number of addicts was an indication of the upward trend rather than a true picture of the number in the community. The problem had yet to peak and the whole community had to join the fight against drugs whose potential to destroy young lives should never be underestimated. However, the law and order services were becoming more accomplished at seizing drugs and charging offenders. The police, the customs and the courts were all playing their part and in 1984 there was a 25 per cent increase in the numbers receiving custodial sentences for trafficking.

The Government was determined to do everything in its power to curb the problem. The number of customs specialist drugs investigators had been doubled; and the Home Secretary had recently announced the formation of the National Drugs Intelligence Unit and an additional 200 police officers specifically for drugs work in regional crime squads.

In the health field £11·5 million had been provided for local treatment and rehabilitation projects (see p 105, 1984) and a £2 million education and information campaign had been launched (see p 85).

The Government was now working on tough provisions to enable the courts to confiscate the proceeds of drug trafficking as well as pressing for a new United Nations Convention (see p 244). Further initiatives would be taken before the end of the year.

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Printed in the UK and Published by
HER MAJESTY'S STATIONERY OFFICE
£1.75 net

Annual subscription including indices and postage £22
Dd 8844241 C10 SEPTEMBER/1985
ISBN 0 11 727643 X Vol. 15 No. 9
ISSN 0039—6214